

DHS - DIV COUNTY OPERATIONS

Enabling Laws

Act 28 First Extraordinary Session of 2003
Act 1586 of 2003

Administration (Central Office Operations)

- ACA 25-10-102

Economic and Medical Services Enrollment (Enrollment and Case Management functions for the Food Stamp, Medicaid and TEA Programs)

- ACA 25-102-102
- Food Stamps - Food Stamp Act of 1977
- Medicaid - Titles XIX and XXI of the Social Security Act/ Section 7 of Act 280 of 1939 and Act 416 of 1977; Act 849 of 1999 and Act 747 of 2001 (ARKids First Program)
- Medicaid Expansion (Tobacco Settlement) - Act 1574 of 2001
- TEA - Title IV-A of the Social Security Act; Act 1058 of 1997; Act 1264 of 2001; and, Act 1306 of 2003

County Operations Assistance - TEA Program (Assistance, job preparation, work and support services)

- Title IV-A of the Social Security Act; Act 1058 of 1997; Act 1567 of 1999; Act 1264 of 2001; and, Act 1306 of 2003

County Operations Assistance - Community Services (Funding for the provision of services and activities designed to reduce poverty and hunger, revitalize low-income communities and increase self-sufficiency)

- Commodity Distribution and Emergency Food - Emergency Food Assistance Act of 1983
- Food Stamp Employment and Training - Food Stamp Act of 1977
- Refugee Resettlement Program - Title IV of the Immigration and Nationality Act
- Community Services Block Grant - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981
- Shelter Plus Care - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981 McKinney-Vento Homeless Assistance Act of 1987, Title IV as amended, Public Law 97-35 Federal Omnibus Reconciliation Act of 1981
- Aid to the Aged, Blind and Disabled - Title XVI of the Social Security Act; P.L. 93-66 and P.L. 93-233
- Weatherization - Energy Conservation and Production Act, Title IV, Part A, Public Law 94-385, 42 U.S.C. 6851-6872; Department of Energy Organization Act of 1977 as amended; Public Law 97-35 Federal Omnibus Reconciliation Act of 1981
- Low-Income Energy Assistance- Public Law 97-35 Federal Omnibus Reconciliation Act of 1981
- Homeless Assistance- McKinney-Vento Homeless Assistance Act of 1987, Title IV as amended, 42 U.S.C. 11371-78 Public Law 97-35 Federal Omnibus Reconciliation Act of 1981

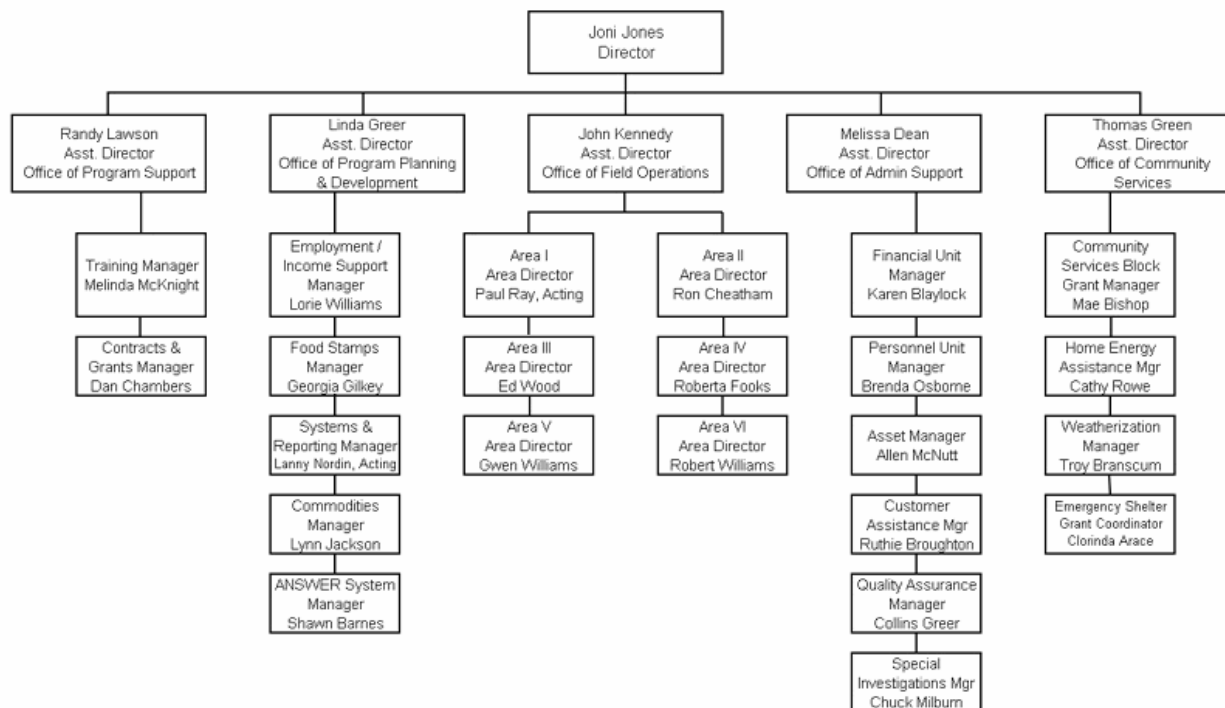
History and Organization

Mission: The mission of the Division of County Operations is to ensure the delivery of quality human services that strengthen the health and well-being of Arkansas' children, families and adults.

History: The Arkansas Department of Public Welfare was created in 1935 to give public assistance to dependent children, the aged, and the blind. There have been several changes and significant growth in services since that time. Child Welfare was added in 1936. In 1937, Aid to Families with Dependent Children (AFDC), General Relief, and Commodity Distribution were added along with medical care for the indigent. The Food Stamp Program began in 1962. In 1971, the Department of Public Welfare was transferred to the Department of Social and Rehabilitative Services and was renamed the Division of Social Services. Later, the Prescription Drug, optional Medicaid and the Child Support programs were added. Act 348 of 1985 mandated a change in the name to the Division of Economic and Medical Services in the Department of Human Services. The Child Support Enforcement Unit was transferred to the Revenue Division of the Department of Finance and Administration effective July 1, 1993. Act 1198 of 1995 dissolved the Division of Economic and Medical Services and created a new Division of Medical Services, while the Economic Services component merged with the Division of County Operations. The reorganized Division of County Operations has responsibility for 85 DHS county offices in 75 counties and is also responsible for administering several programs, including: Transitional Employment Assistance (TEA), Food Stamps, Medicaid eligibility, ARKids First, Commodity Distribution and Community Services.

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act was signed into law. This Act initiated the most significant reform of public welfare programs in sixty years by placing time limits on the receipt of benefits and requiring non-exempt adults to move into the workforce. Act 1058 of 1997, the Arkansas Personal Responsibility and Public Assistance Reform Act, created the Transitional Employment Assistance Program on July 1, 1997 replacing the former AFDC and AFDC Jobs programs. This Act also established TEA Advisory Council to advise and assist all state agencies with the implementation and evaluation of the new TEA Program. In September 1997, Arkansas implemented the ARKids First Program designed to provide medical care to thousands of children of working parents whose income is not high enough to provide health insurance.

Act 1567 of 1999 amended the Arkansas Personal Responsibility and Public Assistance Reform Act by establishing the Arkansas Transitional Employment Board and enacted other provisions to strengthen the Arkansas TEA Program. The original Act was amended by Act 1264 of 2001 giving additional authority to the Transitional Employment Board to oversee funding to child care programs provided for current and former TEA recipients as well as low-income working families. The original Act was amended again by Act 1306 of 2003 to add several new targets and outcomes for the TEA Program.



Agency Commentary

ADMINISTRATION

0710P70

Goal 1, Provide Administrative Support

Administration (OBJECTIVE 05KG, PWP4500) - The mission of the Division of County Operations (DCO) is "To ensure the delivery of quality human services that strengthen the health and well being of Arkansas' children, families and adults." To accomplish this mission, the central and county offices work together to ensure compliance with a host of State and Federal laws and regulations. Central Office support provided to the County Offices includes: information systems development and operations, inventory control, policy development and distribution, contract and grant development, personnel services, financial services, program and provider monitoring, quality assurance, fraud investigations, Americans with Disabilities Act compliance and training for staff and providers.

GENERAL REVENUE FUND SHIFT - For the past several years, agencies have been required to fund the cost-of-living raises and increases in employee health insurance from their Base Level General Revenue (GR) allocations. This requirement extended to other costs impacted by inflation, such as the leases for the 85 DHS County Offices. No GR funds have been appropriated for the purchase of computer equipment or development of information systems technology. Historically, advances in the IT area have been paid with Federal and "Other" funds. All of these administrative expenses are considered to be fixed costs and are subject to inflationary increases. This steady deterioration of funding, combined with staggering caseload increases, has resulted in a critical GR shortfall to support current administrative operations.

The Agency has been fortunate to fill this growing GR gap by using bonus funds awarded to the

State for outstanding administration of the Food Stamp Program. However, these are "one-time" funds and cannot be considered a continuing source of revenue. Although Arkansas has an outstanding record for receipt of these bonus funds, the United States Department of Agriculture (USDA) has recently changed the award criteria making eligibility for future distributions uncertain. The Agency can no longer rely on the performance award to support continuing level administrative costs.

Arkansas is required to meet a State Maintenance of Effort (MOE) in the Transitional Employment Assistance (TEA) Program in order to draw the Federal Temporary Assistance for Needy Families (TANF) block grant funds. The State may be faced with significant financial penalties if the MOE is not met. The MOE has been met through a combination of General Revenue and other funding sources. Operational costs continue to increase while State funding has decreased over the past few years and the other funding sources have either been expended or committed. As a result, the State has struggled to meet the MOE requirement.

During the 84th Legislative Session, the Arkansas General Assembly approved \$40 million in new State funding for the Better Chance for School Success Program. This program covers children ages 3 to 4 who are members of a family with a gross income not exceeding 200% of the Federal Poverty Level. The Department of Health and Human Services, Administration for Children and Families (DHHS/ACF), has determined that some of these funds may be counted toward the Maintenance of Effort (MOE) requirement for the Transitional Employment Assistance (TEA) Program.

The interpretation by DHHS/ACF presents a unique opportunity for the Division of County Operations to shift some of the General Revenue from the DCO program fund to the DCO administration fund and still meet the MOE requirements for the TEA Program. This funding shift will allow the Division to fund its change level requests and replace the reduction in "other" funding in administration. The Division will maintain \$3.8 million in General Revenue in the program fund for the TEA Program, Food Stamp Employment and Training client reimbursements, Aid to the Aged, Blind and Disabled and Social Services Block Grant match. Federal funding that has not yet been certified in the TEA budget will be used to replace the General Revenue that was used for TEA cash assistance benefits, thereby maintaining the TEA budget at current levels. Agency requests include: restoration of unbudgeted positions, position transfers in and out of DCO, increases in operational costs, fees for professional services, information systems enhancements, capital outlay costs for vehicle purchases and the reclassification of five positions. Funding will be accomplished through a General Revenue (GR) fund shift.

POSITION RESTORATIONS (OBJECTIVE 05KG, PWP4500) - The Agency requests unfunded appropriation for the restoration of 25 central office positions, left unbudgeted in the SFY 2005 Operating Budget due to insufficient funding. These positions are used to provide administrative support to the local county offices. Without restoration, these positions will expire June 30, 2005.

POSITION RESTORATION (OBJECTIVE 06KG, PWP4500) - The Agency requests unfunded appropriation for the restoration of one (1) central office position used for the purpose of information technology development and support. This position was left unbudgeted due to insufficient funding in the SFY 2005 Operating Budget. Without restoration, this position will expire June 30, 2005.

POSITION TRANSFERS OUT (OBJECTIVE 05KG, PWP4500) - The Division is requesting the transfer

of two central office positions to the Division of Child Care and Early Childhood Education (DCCECE). The funding for these positions is 100% Federal Child Care Development Funds (CCDF). These positions will provide administrative support to DCCECE staff that process child care applications and re-evaluations for low-income families and former TEA recipients that leave the TEA Program due to employment.

POSITION TRANSFERS IN (OBJECTIVE 05KG, PWP4500) - The Division is requesting funded appropriation for the transfer of five positions from the Division of Medical Services (DMS) to DCO. These five positions currently answer the toll free numbers for questions about payments for Medicaid claims and the ARKids First Program. These employees will become part of an existing unit within DCO called the Customer Assistance Unit. This unit receives approximately 10,000 phone calls from citizens each month that call a toll free number to inquire about the Food Stamp, Medicaid and Transitional Employment Assistance Programs and community services programs. This transfer will support the Department's efforts to more effectively manage our call center operations.

COUNTY OFFICE RENT INCREASES (OBJECTIVE 05KG, PWP4500) - The Division is requesting \$178,590 (\$89,295 State and \$89,295 Federal) in funded appropriation for SFY 2006 and \$298,216 (\$149,108 State and \$149,108 Federal) in SFY 2007 to pay for increases in lease costs for DHS county offices during the 2005 - 2007 Biennium. The amount requested reflects a 4% increase in rent in 54 county offices in SFY 2006 and 78 offices in SFY 2007. Funding will be accomplished through a GR fund shift.

COMMODITY DISTRIBUTION OPERATIONS (OBJECTIVE 05KG, PWP4500) - The Division of County Operations administers the Commodity Distribution Program which was established in 1935 under the Agricultural and National School Lunch Act to encourage the consumption of overabundant domestic farm products while providing nutritious foods for participating individuals. This Program contributes to the Division's mission of strengthening the health and well-being of Arkansas' children, families and adults.

The Commodity Distribution Program provides storage and annual distribution of over 20 million pounds of USDA donated foods to Arkansas schools for the School Lunch Program, and to food banks, food pantries and soup kitchens. Program participants include 650 agencies serving one million customers each year.

DCO requests \$100,000 in additional appropriation and General Revenue funding in 2006 and 2007 to address increased storage and transportation costs associated with this program. This appropriation will allow the State to take advantage of additional commodities, referred to as bonus foods, during the Biennium. Funding will be accomplished through a GR fund shift.

PROFESSIONAL FEES AND SERVICES INCREASES FOR FOOD STAMP PROGRAMS (OBJECTIVE 05KG, PWP4500) - The Division of County Operations is requesting appropriation in the amount of \$1,663,904 (Federal) for SFY 2006 and SFY 2007 for increased Federal funds associated with the Food Stamp Employment and Training (E&T) and Nutrition Education Programs. The programs are funded with 100% Federal funds.

Employment & Training Program - The Food Stamp Employment & Training Program is administered by the Department of Human Services, Division of County Operations and

implemented under a contract with the Department of Workforce Education (DWE). DWE submits a plan and budget for the provision of services to the USDA Food and Nutrition Services. DWE provides the E&T program services through its local adult education centers and vocational technical schools to any Food Stamp participant who is classified as an ABAWD (able-bodied adult without dependent children) and who lives in one of the 21 counties where an E&T Program is operational. Services include independent job search, job search training, education, work experience and vocational training.

During Federal Fiscal Year 2003 (October 2002 - September 2003), over 10,000 individuals were referred to the E&T Program. It is anticipated that program participation will increase during the Biennium due to increasing Food Stamp caseloads, the state of the economy and the unemployment rate. As a result of this projected increase in clients served, the Agency is requesting an additional \$728,665 in federally funded appropriation.

Nutrition Education Program - The Division contracts with the University of Arkansas at Pine Bluff and the U of A Cooperative Extension Services to provide nutrition education services to Food Stamp recipients. This Federally required program provides information in schools, community events, the local DHS County Office, and other sites about nutrition and meal preparation. The Division requests \$935,239 in additional federal appropriation for increases in federal funding for this program.

PROFESSIONAL FEES AND SERVICES INCREASES FOR FEDERALLY QUALIFIED HEALTH CENTERS (OBJECTIVE 05KG, PWP4500) - Federal regulations require the Division of County Operations to provide an out stationed Medicaid worker at the Federally Qualified Health Centers (FQHC). The Division meets this requirement by contracting with ten (10) FQHC's to take Medicaid applications. The contracts have been in place since 1998. Subsequent contracts were increased slightly, but for the past three years there has been no increase.

The Division requests funded appropriation in the amount of \$35,000 (\$17,500 State and \$17,500 Federal) in SFY 2006 and \$70,000 (\$35,000 State and \$35,000 Federal) for SFY 2007 to allow for a 5% increase in 2006, and a 10% increase in 2007. Funding will be accomplished through a GR fund shift.

INFORMATION TECHNOLOGY ELECTRONIC BENEFITS TRANSFER (EBT) SYSTEM (OBJECTIVE 06KG, PWP4500) - The Division of County Operations issues Food Stamp and Transitional Employment Assistance (TEA) cash assistance benefits through a statewide Electronic Benefits Transfer (EBT) System. Program participants are issued a debit card which is used to access Food Stamp and TEA benefits electronically. The EBT System has eliminated the problem of lost Food Stamp coupons and TEA cash assistance checks and reduced fraud associated with mailing benefits.

The Division is requesting funded appropriation in the amount of \$124,244 (\$62,122 State and \$62,122 Federal) for SFY 2006 and \$678,644 (\$339,322 State and \$339,322 Federal) in SFY 2007 for increased costs associated with the Electronic Benefits Transfer (EBT) System. This request will provide additional funding for increased costs associated with a projected growth in the Food Stamp caseload of 15% in each year of the Biennium. Funding will be accomplished through a GR fund shift.

INFORMATION TECHNOLOGY SYSTEMS DEVELOPMENT AND ENHANCEMENTS (OBJECTIVE 06KG, PWP4500) - The Division of County Operations plans to undertake several information technology initiatives during the Biennium. The majority of these initiatives include corrective actions to address findings by the Arkansas Division of Legislative Audit and the Office of the Inspector General and will result in information technology system improvements or development. The Agency's request for funded appropriation in SFY 2006 and 2007 includes the following: mainframe interfaces with the eligibility system for the Food Stamp, TEA and Medicaid Programs in Arkansas, data exchange with other agencies; reporting capabilities of the WISE and ANSWER systems; systems security; client call centers; and conversion of paper records into electronic documents. Funding will be accomplished through a GR fund shift.

CAPITAL OUTLAY (OBJECTIVE 05KG, PWP4500) - The Office of Community Services is requesting approval to replace two existing vehicles (one in each year of the biennium) at a cost of \$17,500 each, to be paid for with 100% Federal funds. These vehicles are utilized by grant coordinators to monitor the sub-grantees for compliance with program regulations, and to make inspections in the Weatherization, Low-Income Home Energy Assistance (LIHEAP), Community Services Block Grant (CSBG) and Emergency Shelter Grant Programs.

POSITION RECLASSIFICATIONS (OBJECTIVE 05KG, PWP4500) - The Division of County Operations requests funded appropriation to support the reclassification of five positions in the Office of Program Planning and Development to achieve job parity for staff that perform similar functions.

CLIP RECLASSIFICATIONS (OBJECTIVE 05KG, PWP4500) - The Division of County Operations requests unfunded appropriation to support the CLIP reclassification of two positions that are in a designated CLIP series, but authorized at the lowest grade. This action will qualify these employees for potential career advancement through the CLIP Program.

ECONOMIC AND MEDICAL ENROLLMENT

0710P71

Goal 1, Deliver Services

ECONOMIC AND MEDICAL ENROLLMENT (OBJECTIVE 10KG, PWP4500) - Division of County Operations (DCO) caseworkers located in the DHS county offices throughout the State manage the application processing and case management functions for programs administered by DCO through geographically located access points. Case workers determine eligibility for the Food Stamp, Transitional Employment Assistance (TEA) and Medicaid Programs. There are approximately 900,000 clients served each year. The Agency has seen a 30% growth in the Food Stamp and Medicaid Program caseloads in the past three years. Conversely, there has been a decline in the TEA program caseload to an all time low of 9,500 clients as of June 2004.

The Division continues to issue Food Stamp and Transitional Employment Assistance (TEA) cash assistance benefits through a statewide Electronic Benefits Transfer (EBT) System. The EBT System has reduced fraud in these programs and has eliminated the problem of lost Food Stamp coupons and TEA cash assistance checks.

FOOD STAMP PROGRAM - The Food Stamp Act of 1977 authorizes the Food Stamp Program to increase the limited food purchasing power of low-income households to alleviate hunger and malnutrition. The U.S. Department of Agriculture, Food and Nutrition Service, provides Federal

funding for the program. Arkansas' Food Stamp caseload has increased by approximately 30% over the past three years. There are 350,000 persons or 140,000 households currently participating in the Arkansas Food Stamp program each month. During SFY 2004, \$335,092,234 in Food Stamp benefits were issued in Arkansas. The Department of Agriculture pays the entire cost of the Food Stamp benefits. The State provides a 50% match for all administrative costs. The Food Stamp Program is an integral part of the Division's efforts to strengthen the health and well-being of Arkansas' children, families and adults.

Eligibility for the Food Stamp Program is based on household size, monthly family income and resources. Benefits are issued through a statewide debit card that is used specifically for the purchase of food. The Division's emphasis on program integrity has resulted in high payment accuracy and timely processing of Food Stamp applications. The U.S. Department of Agriculture recently recognized Arkansas as being among the best in the nation for its accuracy and customer service in the Food Stamp Program. Arkansas has qualified for high performance bonus funds eight of the last nine years bringing approximately \$24 million to the state. Arkansas' accuracy rate of 95.9% is the best in the Southwest Region and 4th best in the nation for Federal Fiscal Year 2002. The funding is being used to support computer system enhancements to improve case management and client eligibility systems.

Congress passed the Reauthorization bill for the Food Stamp Program on May 14, 2002. The most significant change is that it allows states new flexibility to align some eligibility regulations for Food Stamps with the TEA Program.

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) PROGRAM - The TEA Program provides monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must also actively engage in work related activities as a condition of the family's on-going eligibility.

The TEA caseload has decreased by over 50% since the Program was implemented in July 1997. Fifty to seventy-five percent (50-75%) of the TEA recipients placed in jobs are still working when contacted at regular intervals. TEA recipients who have gone to work are earning between \$800 and \$1000 per month compared to an average TEA cash benefit for a mother and two children of \$204 per month. The reduction in the caseload has resulted in a comparable decrease in monthly cash assistance expenditures since July 1997. The Program expenditures have shifted to address employment related services, education/training and supportive services.

Reauthorization of the TANF Block Grant by Congress is currently in progress and significant changes are anticipated. These include an increased emphasis on work and full engagement of all program participants.

MEDICAID PROGRAM - Medicaid is a federally supported and state administered assistance program that provides medical services for certain low-income individuals and families. The program is financed jointly with State and Federal funds. The State administers the program within broad federal requirements and guidelines. The Federal requirements allow some discretion in determining income and resource criteria for the eligibility and categories of assistance. The services provided under the Medicaid program assist the Division with the mission to strengthen the health of Arkansas' children, families and adults.

Medical Services are provided to eligible individuals who are aged (65 or older), blind, disabled, a child under age 18 or 19 (depending on the category), pregnant, or caretaker relatives of deprived children (children with an absent, disabled, or unemployed parent). Individuals who are eligible to receive cash assistance under the Supplemental Security Income (SSI) Program automatically qualify for Medicaid. Individuals must meet income and resource tests to qualify. The state provides for an optional "Medically Needy" group, which includes persons whose incomes are above the income levels for the other categories of Medicaid, but who have medical expenses greater than their excess income. In addition, eligibility for limited services is provided to individuals who are not otherwise categorically eligible but who have been diagnosed with Breast or Cervical Cancer or Tuberculosis and who meet specified need standards.

The ARKids First Program, established in September 1997, provides health insurance to children of low-income working families that do not have health insurance coverage offered through their jobs. ARKids is one of the most successful children's health care programs in the nation. In August 2000, this program name was changed to ARKids B when the regular Medicaid Program for children with family incomes below 100% of the federal poverty level was brought under the ARKids First umbrella as ARKids A. Like all other categories of Medicaid, DCO also determines eligibility for the ARKids B Program. More than 60,000 children are currently enrolled in the program.

TOBACCO SETTLEMENT, MEDICAID EXPANSION PROGRAM (OBJECTIVE 11KG, PTA4500) - The Tobacco Settlement Funds were utilized to expand Medicaid coverage to two eligibility groups:

- 1) Pregnant Women from 133-200% of the Federal Poverty Level
- 2) Full Medicaid Benefit Package for Individuals 65 and over with incomes below 80% of the federal poverty level.

Tobacco Settlement Funds have also been authorized to expand Medicaid eligibility for Limited Coverage for Adults Age 19-64.

POSITION RESTORATIONS - The Agency requests the restoration of 119 county office positions used for the purpose of determining eligibility and case management services. These positions were left unbudgeted in the SFY 2005 Operating Budget due to insufficient funding. Restoration of these positions will enable the Agency to continue to provide quality services to increasing numbers of clients and meet federal guidelines for accuracy and timeliness. Of the 119 positions, the Agency is requesting restoration of 76 positions with funded appropriation accomplished through a General

Revenue (GR) fund shift and 43 positions with unfunded appropriation.

POSITION TRANSFERS - The Agency requests to transfer 24 positions and appropriation to the Division of Child Care and Early Childhood Education. The funding for these positions is 100% Federal Child Care Development Funds (CCDF). These positions will be used to determine eligibility for child care for those clients that leave the TEA Program due to employment and for low-income working families at risk of entering the TEA Program.

OPERATING EXPENSES FOR COUNTY OFFICE RELOCATIONS AND RENOVATION - The Agency requests \$1,347,716 (\$673,858 State and \$673,858 Federal) in funded appropriation for SFY 2007, accomplished through a GR fund shift, for increased rent, telephone, janitorial services and utilities to relocate the following five offices: Garland; Washington; Jefferson; Polk; and Jackson.

This request is being made to alleviate structural problems, sub-standard and crowded working conditions, ensure compliance with federal ADA requirements and to improve general working conditions.

Additionally, DCO requests renovation of the Pulaski South office. These changes include raising cubicle walls to six feet and enlarging/renovating the waiting room. These changes will allow clients more privacy and relieve overcrowding in the waiting area.

CLIP RECLASSIFICATION (OBJECTIVE 10KG, PWP4500) - The Division of County Operations requests unfunded appropriation to support the CLIP reclassification of one county office position that is in a designated CLIP series, but authorized at the lowest grade. This action will qualify this employee for potential career advancement through the CLIP Program.

EXTRAORDINARY SALARY INCREASES - The Division of County Operations requests funded appropriation to support Extraordinary Salary Increases for three unclassified positions to achieve salary equity. Funding will be provided through a GR fund shift.

- DCO Assistant Deputy Director of County Operations, Area I
 - Baxter, Benton, Boone, Carroll, Crawford, Franklin, Logan, Madison, Marion, Newton, Polk, Scott, Searcy, Sebastian, Washington Counties
- DCO Assistant Deputy Director of County Operations, Area IV
 - Calhoun, Clark, Columbia, Dallas, Garland, Hempstead, Hot Spring, Howard, Lafayette, Little River, Miller, Montgomery, Nevada, Ouachita, Pike, Saline, Sevier, Union Counties
- DCO Assistant Deputy Director of County Operations, Area III
 - Cleburne, Conway, Faulkner, Johnson, Lonoke, Perry, Pope, Prairie, Stone, Van Buren, White, Woodruff, Yell Counties

The Division of County Operations currently has six Area Managers that provide guidance and management to staff located in 85 county offices throughout Arkansas. Prior to 1998, there were three Area Managers for the entire State. In 1998, the Division of County Operations hired an additional three Area Managers for 46 DCO county offices. The employees selected for these positions were hired at a level below the salary line item for the other three existing Area Managers. DCO planned to increase the salary to the maximum line item after one year, contingent upon satisfactory employee performance. However, the maximum salary line items in the base level were reduced to the current salary levels, creating an inequity among the six Area Directors. All of the Area Directors have the same job responsibilities.

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) PROGRAM

0710P72

Goal 1, End Welfare Dependency

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) (OBJECTIVE 15KG, PWD7600 - TEA Cash Assistance and OBJECTIVE 16KG, PWD7500 - TEA Employment Services) - The Transitional Employment Assistance (TEA) Program was implemented on July 1, 1997, in accordance with Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and Arkansas Act 1058, the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997. The TEA Program replaced the Aid to Families with Dependent Children (AFDC) Program as the focal point of the State's welfare reform effort and plays a critical role in the Division's mission to strengthen the well-being of children, families and adults. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. The Program is funded with State General Revenues and the Federal Temporary Assistance for Needy Families (TANF) Block Grant.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must also actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime.

Assistance under the TEA Program includes: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

The TEA caseload has decreased by over 50% since the Program was implemented in July 1997. Fifty to seventy-five percent (50-75%) of the TEA recipients placed in jobs are still working when contacted at regular intervals. TEA recipients who have gone to work are earning between \$800 and \$1000 per month compared to an average TEA cash benefit for a mother and two children of \$204 per month. The reduction in the caseload has resulted in a comparable decrease in monthly cash assistance expenditures since July 1997. The Program expenditures have shifted to address employment related services, education/training and supportive services.

Reauthorization of the TANF Block Grant by Congress is currently in progress and significant changes are anticipated. These changes include an increased emphasis on work and full engagement of all program participants.

RESTORE MFG APPROPRIATION (OBJECTIVE 16KG, PWD7500) - The Division of County Operations

(DCO) requests to continue the \$5,673,286 in Federal appropriation for SFY 2006 and SFY 2007, established by a Miscellaneous Federal Grant (MFG) in SFY 2005, for the Transitional Employment Assistance (TEA) Program. This request will allow the agency to utilize Federal Temporary Assistance to Needy Families (TANF) funds to help families and individuals achieve self-sufficiency and end their dependency on welfare.

INDIVIDUAL DEVELOPMENT ACCOUNTS (IDA) PROGRAM (OBJECTIVE 17KG, TID0100) - Individual Development Accounts (IDA's) are authorized by Act 1217 of 1999. The law specifies four distinct purposes for establishing the IDA program:

1. Provide low-income families with an opportunity to accumulate assets
2. Facilitate good saving habits
3. Promote home ownership, micro-enterprise development, education, saving for retirement, and automobile purchase
4. Stabilize families and build communities

Program participants must participate in mandatory financial courses. A savings goal is established for the following qualified purposes:

- Purchase of residence for first time home buyers
- Major repairs on existing homes if paid directly to the company conducting the repair
- Micro-enterprise development when handles through a business capitalization account through an insured financial institution
- Post-secondary education expenses paid directly to the educational institution

To be eligible for participation, a household's income cannot exceed 185% of the federal poverty level (FPL), and their net worth cannot exceed \$10,000, excluding one automobile and the family's primary residence. If the account holder's income from all sources during a calendar year exceeds 185% of the FPL, they will not be eligible to receive the matching funds at the end of each year.

For each \$1 contributed to the IDA savings account by the participant during the preceding calendar year, a match of \$3 (Federal TANF Funds) will be made by the State, up to a maximum of \$2,000 per account holder or \$4,000 per household per year. Funds deposited in an IDA savings account are not counted as income, assets, or resources for any state, municipal, or federal program that bases its eligibility on need.

The State contracts with non-profit agencies to provide this service to low-income families.

COMMUNITY SERVICES

0710P73

Goal 1, Provide Access to Food

COMMODITY DISTRIBUTION PROGRAM SALVAGE AND CONTAINER (SAC) FUND - (OBJECTIVE 20KG, NHS0201) - The Salvage and Container (SAC) Fund contains funds accruing from the sale of containers, salvage of foods, insurance and recoveries of claims for the loss of donated food. The United States Department of Agriculture, Food and Nutrition Services (FNS) prohibits the commingling of these funds with any other funds. The SAC Fund can only be spent on the Food

Distribution Program (Commodity Distribution). Regulations require the distributing agency to request permission from FNS to use or deposit SAC funds valued at \$2,500. FNS wants to make sure these funds are used only for those activities specified in Federal regulations.

COMMODITY DISTRIBUTION PROGRAM EMERGENCY FOOD (OBJECTIVE 21KG, FWF2900) - The Emergency Food Assistance Program (TEFAP) is administered by the Department of Human Services, Division of County Operations through the Commodity Distribution Unit. The TEFAP Program provides USDA foods to needy individuals and families. Priority for USDA allocated foods is given to Emergency Feeding Organizations (EFO's), such as Community Action Program (CAP) agencies, food banks, soup kitchens and food pantries. CAP agencies have the option to distribute USDA commodities through mass distribution, food pantries or a combination of both. TEFAP provides program assistance and reimbursement for the food distribution expenses to Food Banks and CAP agencies. Individuals and families receiving Food Stamp benefits or that have an income below 130% of the federal poverty income level are income eligible to receive USDA foods.

Goal 2, Provide Employment and Training

FOOD STAMP PROGRAM EMPLOYMENT AND TRAINING (OBJECTIVE 25KG, PWE9400) - The Food Stamp Employment & Training (E&T) Program is administered by the Department of Human Services, Division of County Operations (DHS/DCO) and implemented under a contract with the Arkansas Department of Workforce Education (DWE). DWE provides the E&T program services through its local adult education centers and vocational technical schools. The State can also reimburse client participants for certain costs related to the training received in the E&T Program. Each E&T participant is eligible for reimbursement for transportation, educational expenses, uniforms and other fees associated with a component activity not to exceed \$285.00 per month, per participant.

During Federal Fiscal Year 2003 (October 2002 - September 2003), over 10,000 individuals were referred to the E&T program. It is anticipated that program participation will increase by 25% due to increasing Food Stamp caseloads, the state of the economy and the unemployment rate. As a result of this anticipated increase, the Agency is requesting an additional \$100,000 in funded appropriation (\$50,000 State and \$50,000 Federal) for client reimbursements related to the training received in the E&T Program. The Agency is not requesting new General Revenue, but will allocate additional State funding through a GR fund shift.

Goal 3, Provide Shelter

WEATHERIZATION ASSISTANCE PROGRAM (OBJECTIVE 27KG, FWF1900) - This Federally funded program provides energy conservation assistance for the homes of low-income persons in Arkansas. Priority is given to the elderly, disabled and families with children. Assistance includes providing cost-efficient energy conservation measures for homes, such as insulation and furnace tune-ups. Fourteen community action agencies and one other non-profit agency provide these services.

LOW-INCOME ENERGY ASSISTANCE PROGRAM (OBJECTIVE 27KG, FWF3400) - This Program provides Federal funds to assist low-income households with their home energy expenses. Through grants to local Community Action Agencies, a one-time winter or crisis intervention energy payment is made directly to an energy supplier for eligible households. The agency is requesting \$1.5 million

in additional appropriation in SFY 2006 and SFY 2007 to cover projected increases in Federal funding.

HOMELESS ASSISTANCE PROGRAM (OBJECTIVE 27KG, FWF2100) - This Program distributes Federal funds on a competitive basis each year to local communities to renovate, rehabilitate or convert small buildings for emergency shelters for the homeless. Funds can be used for the provision of essential services and the payment of maintenance, operation, insurance, utilities, and facility furnishings. DCO is requesting \$500,000 in additional appropriation in SFY 2006 and SFY 2007 to cover projected increases in Federal funding.

SHELTER PLUS CARE PROGRAM (OBJECTIVE 27KG, FWF0400) - This Program provides rental assistance and supportive services to homeless persons whose primary disability is AIDS or HIV. DCO is requesting additional appropriation of \$1,000,000 in SFY 2006 and SFY 2007 to cover projected increases in Federal funding due to an expansion in the number of participating agencies.

Goal 4, Maximize Community Services

COMMUNITY SERVICES BLOCK GRANT PROGRAM (OBJECTIVE 30KG, PWE9700) - This Program helps low-income persons become more independent by providing a range of services through the local Community Action Agencies. These services help persons in need become more employable, better educated, better trained to handle their finances and improve their housing, and make use of available social services. DCO is requesting additional appropriation totaling \$500,000 in SFY 2006 and \$1,000,000 in SFY 2007 to cover projected increases in Federal funding.

STATE SUPPLEMENTARY PAYMENTS FOR THE AGED, BLIND AND DISABLED (AABD) (OBJECTIVE 30KG, DGF3100) - This Program provides State funded supplementary payments to Arkansans who are, except for their income, eligible for Federal Supplemental Security Income (SSI) payments. These payments are made in accordance with Section 1616 of the Social Security Act and Section 212 of Public Law 93-66. The Social Security Administration (SSA) makes these payments to individuals determined eligible by SSA in accordance with an agreement with DHS/DCO.

REFUGEE RESETTLEMENT PROGRAM (OBJECTIVE 30KG, FWF4400) - The Refugee Resettlement Program (RRP) serves refugee residents for the first eight (8) months of their residency in the United States. Effective October 1, 2002, DCO began providing only cash and medical assistance to eligible participants. These benefits are funded by the Office of Refugee Resettlement (ORR) with 100% Federal funds.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2002

Findings	Recommendations
Audit findings are reported under the DHS-Director's Office/Office of Chief Counsel on page 3.	

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual report to the Arkansas Legislature on the Individual Development Account (IDA) Program	Act 1217 of 1999 (Family Savings Initiative Act)	N	Y	10	The annual report on the status of the IDA program is given to the Public Health, Welfare and Labor Committee as required by Act 1217 of 1999
Arkansas TEA Program Bi-Annual Report on Families Sanctioned and Outcomes of Home Visits	ACA 20-76-410 Section 9(c)(l)(f) as adminded	Y	Y	20	The Department shall submit bi-annual reports on families sanctioned and the outcomes of the home visits to the Governor and the House and Senate Interim Committees on Public Health, Welfare and Labor

Department Appropriation / Program Summary

Historical Data						Agency Request and Executive Recommendation								
Appropriation / Program	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0710P70 Administration Program	28,367,674	204	32,993,476	204	34,913,080	230	41,449,034	233	34,948,261	233	40,337,727	233	35,256,511	233
0710P71 Econ & Medical Enrlmnt Program	69,376,753	1,665	72,139,402	1,620	76,486,754	1,739	77,747,836	1,715	77,743,086	1,715	80,847,938	1,715	80,843,098	1,715
0710P72 Transitional Empl Assist Prgm	28,773,240	0	76,209,232	0	70,535,946	0	76,209,232	0	76,209,232	0	76,209,232	0	76,209,232	0
0710P73 Community Services Program	24,414,177	0	31,457,913	0	31,546,238	0	35,057,913	0	35,057,913	0	35,557,913	0	35,557,913	0
Total	150,931,844	1,869	212,800,023	1,824	213,482,018	1,969	230,464,015	1,948	223,958,492	1,948	232,952,810	1,948	227,866,754	1,948

Funding Sources		%		%			%		%		%		%
General Revenue 4000010	49,541,132	32.8	49,652,499	23.3		50,912,208	22.3	44,349,708	20.5	51,640,642	22.4	45,078,142	20.6
Federal Revenue 4000020	94,182,591	62.4	158,131,754	74.3		174,867,956	76.5	169,713,947	78.3	176,574,782	76.4	171,448,185	78.2
Special Revenue 4000030	0	0.0	557	0.0		557	0.0	557	0.0	557	0.0	557	0.0
Cash Fund 4000045	2,840	0.0	333,175	0.2		333,175	0.1	333,175	0.2	333,175	0.1	333,175	0.2
Tobacco Settlement 4000495	373,887	0.2	1,049,150	0.5		1,049,150	0.5	1,049,150	0.5	1,049,150	0.5	1,049,150	0.5
USDA Enhancement 4000720	5,168	0.0	2,234,358	1.0		21,005	0.0	21,005	0.0	21,005	0.0	21,005	0.0
Various Program Support 4000730	6,826,226	4.6	1,398,530	0.7		1,398,530	0.6	1,398,530	0.5	1,398,530	0.6	1,398,530	0.5
Total Funds	150,931,844	100.0	212,800,023	100.0		228,582,581	100.0	216,866,072	100.0	231,017,841	100.0	219,328,744	100.0
Excess Appropriation/(Funding)	0		0			1,881,434		7,092,420		1,934,969		8,538,010	
Grand Total	150,931,844		212,800,023			230,464,015		223,958,492		232,952,810		227,866,754	

Analysis of Budget Request

Appropriation / Program: 0710P70 - Administration Program

Funding Sources: PWP-Administration Paying

The Division of County Operations was established originally in Act 348 of 1985 in the reorganization of the Department of Human Services under the title of Program Operations. Act 164 of 1995 amended Arkansas Code §25-10-102 and created the Division of Medical Services, re-named the Division of Program Operations to County Operations and transferred functions that were a part of the Division of Economic and Medical Services to County Operations. Functions transferred to the Division of County Operations were Aid to Families with Dependent Children, Food Stamp Program, Project Success and the Community Services Block Grant.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a federal block grant program for states to provide cash assistance to families on a time-limited basis under the Temporary Assistance to Needy Families (TANF) Program. The Arkansas Personal Responsibility and Public Assistance Reform Act, Act 1058 of 1997 was enacted during the 81st General Assembly and signed by the Governor on April 3, 1997, thereby establishing the Transitional Employment Assistance (TEA) Program. With the enactment of these laws, the AFDC and Project Success programs were eliminated and replaced by the TEA Program.

The Division of County Operations has the primary responsibility for providing the leadership and support in each of the eighty-four (84) county offices, and administering the TEA, Food Stamp, Community Services Block Grant, and several other programs that provide direct services to citizens across Arkansas. Another important responsibility of the county office staff is eligibility determination for receipt of Medicaid and ARKids First services.

Additional programs administered at the county level include such areas as Energy and Weatherization Assistance for low income elderly, people with disabilities and families with children; Homeless and Housing Assistance; and Commodity Distribution. The Division is responsible for the physical office space in each of the counties including rent, utilities, telephone charges, janitorial services and other items needed at the local level. The Division coordinates the services of the various DHS Divisions at the local level and provides clerical support. The Division currently has five (5) distinct areas of operation: Field Operations, Program Planning and Development, Program Support, Community Services and Administrative Support.

Beginning in the 2005-2007 biennium, the Division of County Operations will be a Performance Based Budget (PBB) division. The Administration Program consist of the central office administrative support offices and the development, managing, operating and monitoring of the information technology resources for client services.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded one of the three key measures. Number of Prior Year Audit Findings repeated in Subsequent Audit was reported at 2; below the annual target of 3. The agency fell below the annual target of 90% for Percent of Agency Performance Measures Met, reported at 82%.

The funding sources for this program are General Revenue (DCO - County Operations Fund Account), Federal and Other funding. Federal funding sources include revenues derived from administrative costs for TEA, Food Stamp and Medicaid (Regular and Enhanced) programs. Other funding sources include USDA Enhanced Funding, Title XIX match and Miscellaneous collections.

The agency Base Level request for this program is \$32,739,835 in FY06 and \$33,022,922 in FY07. Base Level for this program includes graduated salary increase of 3% to 1.5% each year over the FY05 salary levels, along with related Personal Services Matching costs for 204 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total state match of \$320 per month.

The agency Change Level request for this program is \$8,709,199 in FY06 and \$7,314,805 in FY07, with a request to transfer General Revenue from the DHS Grants Fund Account to the County Operations Fund Account in the amounts of \$4,627,241 in FY06 and \$3,919,469 in FY07. The components of this request include the following:

- Restoration of 26 positions that were authorized but not budgeted with salary and matching appropriation to allow for flexibility. One (1) of these positions will be used for information technology development while the other twenty-five (25) will be used to provide administrative support to the local county offices.
- DCO request to transfer two (2) positions from DCO to the Division of Child Care with salary and matching appropriation. These positions will provide administrative support to DCC staff that process child care applications. Additionally, DCO request to transfer five (5) positions from the Division of Medical Services to DCO with salary and matching appropriation. These positions will be answering toll free numbers regarding questions such as Medicaid claims and ArKidsFirst Program as the division move closer to one central location for residents to obtain consistent information concerning services that are available through the various DHS divisions.
- DCO request Career Ladder reclassification on two (2) positions.
- DCO request Reclassification on five (5) positions.
- \$278,590 in FY06 and \$398,216 in FY07 is requested for Operating Expenses of increased rent on facilities and food purchases.
- \$7,468,152 in FY06 and \$5,928,574 in FY07 is requested for Professional Fees and Services for Food Stamp contracts.
- \$17,500 each year of the biennium is requested for Capital Outlay to replace one vehicle each year utilized by the Office of Community Services.

The Executive Recommendation provides for \$100,080 reduction in Travel-Conference Fees appropriation each year of the biennium and Base Level appropriation for all other line items. Additionally, restoration of the 26 positions and the transfers of two (2) positions to the Division of Child Care and the five (5) positions from the Division of Medical Services are provided for with salaries and matching appropriation. Also, \$1,359,444 additional appropriation in Professional Fees and Services and \$17,500 for Capital Outlay is recommended for each year of the biennium. Base Level General Revenue is provided for in the amount of \$10,948,937 in FY06 and \$11,145,614 in FY07. Position reclassifications as recommended by the Office of Personnel Management.

Appropriation / Program Summary

Appropriation / Program: 0710P70 Administration

Funding Sources: PWP-Administration Paying

Program Description	Program Goals	
<p>Central Office Operations-Establishes the division's goals, objectives and priorities in accordance with state and federal requirements and within available resources, provides traditional management support functions, provides technical assistance and guidance on policy and IT issues, and oversees the quality and timeliness of service delivery. This includes the activities of the following Central Office staff:</p> <p>1) Office of the Director (DO) 2) Office of Administrative Support (OAS) 3) Office of Program Planning and Development (OPPD) 4) Office of Field Operations (OFO) 5) Office of Program Support (OPS) 6) Office of Community Services (OCS)</p>	1	To provide administrative direction and support to ensure compliance with State and Federal laws and regulations.

Objective Code	Name	Description
05KG	Objective 1	To manage the central office administrative support offices resulting in the fullest and most appropriate utilization of available resources.
06KG	Objective 2	To maximize information technology resources for client services, data collection, and reporting.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of Prior Year Audit Findings Repeated in Subsequent Audit without Improvement	3/2	3	3
1			Output	Number of Waiver Submissions	1/7	+1	+1
1			Outcome	Non-Compliance Determinations without Good Cause Justification	None/None	None	None
1	X	X	Efficiency	Percent of Agency Budget in the Administrative Program Compared to Total Agency Budget	15/50%/ 10.54% Staff/ 11.35% Budget	15%	15%
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4

Appropriation / Program Summary

Appropriation / Program: 0710P70 Administration

Funding Sources: PWP-Administration Paying

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Efficiency	Percent of Agency Key Performance Measures Met	90%/82%	90%	90%
2			Efficiency	Information Systems Costs as a Proportion of Total Adjusted Budget	< or = 1%/0.35%	<1%	<1%
2			Efficiency	Number of Agency Proprietary Systems Maintained by Agency Staff or Maintained through Contractual Services	8/8	7	7

Appropriation / Program Summary

Appropriation / Program: 0710P70 Administration Program
Authorized Program Amount 34,913,080

Historical Data			Agency Request and Executive Recommendation						
Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	7,242,287	7,514,555	8,152,278	8,848,619	8,837,431	8,389,066	9,106,757	9,095,236
#Positions		204	204	204	233	233	204	233	233
Extra Help	5010001	122,109	234,052	234,052	234,052	234,052	234,052	234,052	234,052
#Extra Help		22	37	37	37	37	37	37	37
Personal Services Matching	5010003	1,958,345	2,194,072	2,399,548	2,648,164	2,645,957	2,445,847	2,698,671	2,696,402
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	4,567,165	6,133,321	6,133,321	6,411,911	6,133,321	6,133,321	6,531,537	6,133,321
Travel-Conference Fees	5050009	71,721	175,080	175,080	175,080	75,000	175,080	175,080	75,000
Professional Fees and Services	5060010	9,752,463	11,716,396	10,640,556	18,108,708	12,000,000	10,640,556	16,569,130	12,000,000
Data Processing	5090012	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Outlay	5120011	0	21,000	0	17,500	17,500	0	17,500	17,500
Data Processing Services	5900044	4,653,584	5,000,000	0	0	0	0	0	0
Total		28,367,674	32,993,476	32,739,835	41,449,034	34,948,261	33,022,922	40,337,727	35,256,511

Funding Sources									
General Revenue	4000010	10,560,833	10,560,833	10,948,937	15,576,178	10,948,937	11,145,614	15,065,083	11,145,614
Federal Revenue	4000020	13,369,794	20,081,807	19,440,062	24,141,518	19,440,062	19,526,472	23,518,640	19,526,472
Special Revenue	4000030	0	557	557	557	557	557	557	557
USDA Enhancement	4000720	0	1,462,362	1,462,362	0	0	1,462,362	0	0
Various Program Support	4000730	4,437,047	887,917	887,917	887,917	887,917	887,917	887,917	887,917
Total Funding		28,367,674	32,993,476	32,739,835	40,606,170	31,277,473	33,022,922	39,472,197	31,560,560
Excess Appro/(Funding)		0	0	0	842,864	3,670,788	0	865,530	3,695,951
Grand Total		28,367,674	32,993,476	32,739,835	41,449,034	34,948,261	33,022,922	40,337,727	35,256,511

Additional Appropriation in FY2005 budget is due to Miscellaneous Federal Grant.

Objective Summary

Objective: 05KG CO-Administration-Objective 1-Treasury

Description: To manage the central office administrative support offices resulting in the fullest and most appropriate utilization of available resources.

		Historical Data		Agency Request and Executive Recommendation					
		2003-2004	2004-2005	2005-2006			2006-2007		
Commitment Item		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,880,706	7,122,914	7,748,859	8,421,772	8,410,584	7,973,541	8,667,102	8,655,581
#Positions		194	193	193	221	221	193	221	221
Extra Help	5010001	115,485	234,052	234,052	234,052	234,052	234,052	234,052	234,052
#Extra Help		21	37	37	37	37	37	37	37
Personal Services Matching	5010003	1,850,149	2,079,547	2,277,794	2,517,953	2,515,746	2,321,708	2,565,936	2,563,667
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,281,044	5,860,371	5,860,371	6,138,961	5,860,371	5,860,371	6,258,587	5,860,371
Travel-Conference Fees	5050009	64,745	166,480	166,480	166,480	66,400	166,480	166,480	66,400
Professional Fees and Services	5060010	3,823,224	6,229,089	5,153,249	6,852,153	5,153,249	5,153,249	6,887,153	5,153,249
Data Processing	5090012	0	0	47,408	47,408	47,408	47,408	47,408	47,408
Capital Outlay	5120011	0	21,000	0	17,500	17,500	0	17,500	17,500
Data Processing Services	5900044	0	47,408	0	0	0	0	0	0
Objective Total		16,015,353	21,765,861	21,493,213	24,401,279	22,310,310	21,761,809	24,849,218	22,603,228

Objective Summary

Objective: 06KG CO-Administration-Objective 2-Treasury

Description: To maximize information technology resources for client services, data collection, and reporting.

		Historical Data		Agency Request and Executive Recommendation					
Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	361,581	391,641	403,419	426,847	426,847	415,525	439,655	439,655
#Positions		10	11	11	12	12	11	12	12
Extra Help	5010001	6,624	0	0	0	0	0	0	0
#Extra Help		1	0	0	0	0	0	0	0
Personal Services Matching	5010003	108,196	114,525	121,754	130,211	130,211	124,139	132,735	132,735
Operating Expenses	5020002	1,286,121	272,950	272,950	272,950	272,950	272,950	272,950	272,950
Travel-Conference Fees	5050009	6,976	8,600	8,600	8,600	8,600	8,600	8,600	8,600
Professional Fees and Services	5060010	5,929,239	5,487,307	5,487,307	11,256,555	6,846,751	5,487,307	9,681,977	6,846,751
Data Processing	5090012	0	0	4,952,592	4,952,592	4,952,592	4,952,592	4,952,592	4,952,592
Data Processing Services	5900044	4,653,584	4,952,592	0	0	0	0	0	0
Objective Total		12,352,321	11,227,615	11,246,622	17,047,755	12,637,951	11,261,113	15,488,509	12,653,283

Analysis of Budget Request

Appropriation / Program: 0710P71 - Econ & Medical Enrlmnt Program

Funding Sources: PWP-Administration Paying; PTA-Medicaid Expansion Program
Account

The Economic and Medical Enrollment Program Performance Based Budget consists of the following:

- Enrollment and Case Management
- Tobacco Settlement, Medicaid Expansion Program enrollment

The Division of County Operations caseworkers located in the DHS county offices throughout the State manage the application processing and case management functions for programs administered by DCO through geographically located access points. Case workers determine eligibility for the Food Stamp, Transitional Employment Assistance (TEA) and Medicaid Programs. The Division continues to issue Food Stamp and Transitional Employment Assistance (TEA) cash assistance benefits through a statewide Electronic Benefits Transfer (EBT) System. The EBT System has reduced fraud in these programs and has eliminated the problem of lost Food Stamp coupons and TEA cash assistance checks.

The Tobacco Settlement Funds were utilized to expand Medicaid coverage to two eligibility groups. Pregnant Women from 133% to 200% of the federal poverty level and full Medicaid benefit package for individuals 65 and over with incomes below 80% of the federal poverty level. Additionally, expansion of Medicaid eligibility for Limited Coverage for adults age 19 to 64 was also authorized. In order to maintain Tobacco Settlement funding as separate and distinct from the state funded program; a separate Objective as indicated in the DCO strategic plan was created for expensing Tobacco Settlement funding as it relates to DCO participation in the Medicaid Expansion Program.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded four of the five key measures. The agency surpassed the annual targets for the TEA Programs Timeliness Rate, Food Stamp Eligibility Determination Accuracy Rate, Increased Medicaid Enrollment Rates, and the Increased Enrollment Rates for Tobacco Settlement Categories. The agency fell below the annual target of 96% for the Food Stamp Application Processing Timeliness Rate, reported at 93.80%.

The funding sources for this program are General Revenue (DCO - County Operations Fund Account), Federal and Other funding. Federal funding sources include revenues derived from administrative costs for TEA, Food Stamp and Medicaid (Regular and Enhanced) programs. Other funding sources include USDA Enhanced Funding, Title XIX match, Miscellaneous collections and Tobacco Settlement funding.

The agency Base Level request for this program is \$75,122,445 in FY06 and \$76,802,030 in FY07. Base Level for this program includes graduated salary increase of 3% to 1.5% each year over the FY05 salary levels, along with related Personal Services Matching costs for 1,620 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State

employee's health insurance for a total state match of \$320 per month.

The agency Change Level request for this program is \$2,625,391 in FY06 and \$4,045,908 in FY07, with a request to transfer General Revenue from the DHS Grants Fund Account to the County Operations Fund Account in the amounts of \$1,885,259 in FY06 and \$2,593,031 in FY07. The components of this request include the following:

- Restoration of 119 positions that were authorized but not budgeted with salary and matching appropriation to allow for flexibility.
- DCO request to transfer twenty-four (24) positions from DCO to the Division of Child Care with salary and matching appropriation. These positions will be used by DCC for determining eligibility for child care.
- DCO request Career Ladder reclassification on one (1) position.
- DCO request Extraordinary Salary Increase for three (3) unclassified positions to achieve salary equity.
- \$1,347,716 in FY2007 is requested for Operating Expenses of increased rent on facilities, telecommunications wired, electricity and janitorial services.

The Executive Recommendation provides for the Agency Request with the exception of not approving the General Revenue transfer request. Position reclassifications as recommended by the Office of Personnel Management.

Appropriation / Program Summary

Appropriation / Program: 0710P71 Economic and Medical Enrollment
Funding Sources: PWP-Administration Paying; PTA-Medicaid Expansion Program Account

Program Description	Program Goals	
All costs associated with providing case management and referral services and determining client eligibility for the Food Stamp, Medicaid, Tobacco Settlement and Transitional Employment Assistance (TEA) programs.	1	To deliver economic and medical services in each county of the state.

Objective Code	Name	Description
10KG	Objective 1	To manage the application processing and case management functions for programs administered by the Division of County Operations through geographically located access points.
11KG	Objective 2	To increase the number of eligible uninsured Arkansans who receive Medicaid assistance through the Medicaid Expansion Program.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Food Stamp Application Processing Timeliness Rate	96%/93.80%	96%	96%
1	X	X	Outcome	TEA Program Timeliness Rate	93%/98.22%	93%	94%
1	X	X	Outcome	Food Stamp Eligibility Determination Accuracy Rate - Active Cases	93%/96.07%	93%	93%
1			Outcome	Food Stamp Caseload	2%/13.50%	+2%	+2%
1	X	X	Outcome	Increase Medicaid Enrollment Rates	2%/6.71%	+2%	+2%
1			Outcome	Reduce the Number of Pending Medicaid Applications	-1%/3.60%	-1%	-1%
1			Outcome	Timeliness of Application Processing	90%/81.64%	90%	90%
1			Outcome	Food Stamp Eligibility Determination Accuracy Rate - Closed / Denied Cases	93%/93.90%	93%	93%
2	X	X	Outcome	Increase Enrollment Rates for Tobacco Settlement Categories	12%/24.60%	+5%	+5%

Appropriation / Program Summary

Appropriation / Program: 0710P71 Econ & Medical Enrlmnt Program
Authorized Program Amount 76,486,754

Historical Data			Agency Request and Executive Recommendation						
Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	42,862,287	44,545,373	46,415,887	48,304,222	48,300,254	47,818,934	49,768,058	49,764,014
#Positions		1,665	1,620	1,620	1,715	1,715	1,620	1,715	1,715
Extra Help	5010001	27,668	0	0	0	0	0	0	0
#Extra Help		3	0	0	0	0	0	0	0
Personal Services Matching	5010003	13,458,467	14,256,859	15,369,388	16,106,444	16,105,662	15,645,926	16,394,994	16,394,198
Operating Expenses	5020002	12,977,714	13,237,570	13,237,570	13,237,570	13,237,570	13,237,570	14,585,286	14,585,286
Travel-Conference Fees	5050009	40,260	49,600	49,600	49,600	49,600	49,600	49,600	49,600
Professional Fees and Services	5060010	132	0	0	0	0	0	0	0
Data Processing	5090012	0	0	50,000	50,000	50,000	50,000	50,000	50,000
Miscellaneous Character 44	5900044	10,225	50,000	0	0	0	0	0	0
Total		69,376,753	72,139,402	75,122,445	77,747,836	77,743,086	76,802,030	80,847,938	80,843,098

Funding Sources									
General Revenue	4000010	28,731,077	28,731,077	29,602,682	31,487,941	29,602,682	30,134,439	32,727,470	30,134,439
Federal Revenue	4000020	37,882,610	41,097,571	43,209,009	43,661,562	43,209,009	44,356,837	45,491,266	44,356,837
Tobacco Settlement	4000495	373,887	1,049,150	1,049,150	1,049,150	1,049,150	1,049,150	1,049,150	1,049,150
USDA Enhancement	4000720	0	750,991	750,991	0	0	750,991	0	0
Various Program Support	4000730	2,389,179	510,613	510,613	510,613	510,613	510,613	510,613	510,613
Total Funding		69,376,753	72,139,402	75,122,445	76,709,266	74,371,454	76,802,030	79,778,499	76,051,039
Excess Appro/(Funding)		0	0	0	1,038,570	3,371,632	0	1,069,439	4,792,059
Grand Total		69,376,753	72,139,402	75,122,445	77,747,836	77,743,086	76,802,030	80,847,938	80,843,098

FY2005 Appropriation Carry Forward Amount is \$1,353,866.96

Objective Summary

Objective: 10KG Economic & Medical Enrollment-Objective 1-Treasury

Description: To manage the application processing and case management functions for programs administered by the Division of County Operations through geographically located access points.

		Historical Data		Agency Request and Executive Recommendation					
Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	42,424,441	43,168,560	44,973,077	46,809,458	46,805,490	46,332,297	48,227,667	48,223,623
#Positions		1,645	1,560	1,560	1,652	1,652	1,560	1,652	1,652
Extra Help	5010001	27,668	0	0	0	0	0	0	0
#Extra Help		3	0	0	0	0	0	0	0
Personal Services Matching	5010003	13,162,098	13,783,666	14,854,610	15,569,906	15,569,124	15,122,509	15,849,463	15,848,667
Operating Expenses	5020002	12,963,939	13,041,775	13,041,775	13,041,775	13,041,775	13,041,775	14,389,491	14,389,491
Travel-Conference Fees	5050009	40,260	49,600	49,600	49,600	49,600	49,600	49,600	49,600
Professional Fees and Services	5060010	132	0	0	0	0	0	0	0
Objective Total		68,618,538	70,043,601	72,919,062	75,470,739	75,465,989	74,546,181	78,516,221	78,511,381

Objective Summary

Objective: 11KG Economic & Medical Enrollment-Objective 2-Treasury

Description: To increase the number of eligible uninsured Arkansans who receive Medicaid assistance through the Medicaid Expansion Program.

Commitment Item		Historical Data		Agency Request and Executive Recommendation					
		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	437,846	1,376,813	1,442,810	1,494,764	1,494,764	1,486,637	1,540,391	1,540,391
#Positions		20	60	60	63	63	60	63	63
Personal Services Matching	5010003	296,369	473,193	514,778	536,538	536,538	523,417	545,531	545,531
Operating Expenses	5020002	13,775	195,795	195,795	195,795	195,795	195,795	195,795	195,795
Data Processing	5090012	0	0	50,000	50,000	50,000	50,000	50,000	50,000
Miscellaneous Character 44	5900044	10,225	50,000	0	0	0	0	0	0
Objective Total		758,215	2,095,801	2,203,383	2,277,097	2,277,097	2,255,849	2,331,717	2,331,717

Analysis of Budget Request

Appropriation / Program: 0710P72 - Transitional Empl Assist Prgm

Funding Sources: PWD-Grants Paying; TID-Individual Development Account Trust Fund

The Transitional Employment Assistance (TEA) Program Performance Based Budget consists of the following:

- Individual Development Account Program appropriation
- TANF Block Grant appropriation

The Individual Development Account appropriation was created in Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the State matches their deposits by \$3 (Federal TANF Funds). Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the agency. The Division of County Operations provides IDA program services by contracting with fiduciary organizations that are non-profit organizations. This program is 100% Federally funded.

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with federal block grant funding to states. With this change, Arkansas established a cumulative life time limit of twenty-four months of cash assistance for needy families. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability." Arkansas Code Annotated §20-76-210 designates the Arkansas Department of Human Services as the state agency specifically responsible for administration of all forms of public assistance, including but not limited to the implementation of the state's Transitional Employment Assistance Program.

Reauthorization of the TANF Block Grant by Congress is currently in progress and significant changes are anticipated. The most significant proposed changes include increased emphasis on work and full engagement of all program participants.

TEA Program eligibility is limited to applicants for or recipients of assistance in the following circumstances:

- Have custody and care for a related minor child;
- Are residents of the state when application for assistance is made;

- Are U. S. citizens, or lawfully or admitted aliens who meet the federal definition of a “qualified alien”;
- Are income and resource eligible

In addition, applicants and recipients must meet the following conditions in order to receive the maximum benefits allowed:

- Cooperate with the child support enforcement agency to establish paternity or obtain support payments when applicable and assign child support rights to the State;
- Sign and comply with a personal responsibility agreement;
- Engage in approved work activities as deemed appropriate.

The effective date of the implementation of the TEA Program and the beginning of the federal 60-month limit on the receipt of cash assistance was July 1, 1997. However, July 1, 1998 is the date that the state-imposed 24-month time limits for financial assistance became effective. Adult recipients must be employed, seeking employment, or engaged in education or training to obtain employment. Employment assistance includes such items as financial assistance, child care, assistance in locating full-time employment, assistance in seeking employment, assistance in locating needed education and training for full-time employment, case management, targeted case management for clients with severe barriers such as substance abuse, domestic violence, or mental health problems, and any other services deemed necessary to assist individuals in gaining independence from public assistance through education and employment.

Exceptions to the twenty-four (24) month life time limit for receiving cash assistance are as follows:

1. A child only case;
2. A parent or caregiver who has a disability, is over 60 years of age or provides care for a child or other family member with a disability;
3. A parent who can not work because of domestic violence;
4. A parent who can not find work even though he or she did everything asked or because the parent can not obtain support services such as transportation or child care;
5. A parent, who is under 18 years of age, lives at home and attends school full time.

Implementation of welfare reform is a statewide endeavor and requires the cooperation and inclusion of multiple state agencies. To that end, the following agencies are mandated to work with the DHS to ensure the program’s success: Employment Security Department, Department of Health, Department of Higher Education, Department of Education, Development Finance Authority, Economic Development Commission, State Highway and Transportation, DFA Child Support Enforcement, Child Abuse and Neglect Prevention Board, Adult Literacy Council, Department of Workforce Education, and any other state agencies the Governor or General Assembly determine are necessary. The Arkansas Transitional Employment Board (ATEB) was established by Arkansas Act 1567 of 1999. The ATEB consists of the Directors of the Departments of Human Services, Employment Security, Health, Workforce Education, and Higher Education and nine appointed members. The purpose of the ATEB is generally to oversee the operation of the TEA Program and progress toward the TEA outcomes, including activities of the local TEA Coalitions and all State

agencies involved in the program. Act 1264 of 2001 amended Act 1567 and gave the ATEB the responsibility to develop a plan to use TEA funding to develop three (3) demonstration projects that provide job training certification programs; review and approve contractual agreements relating to the TEA Program; oversee the operation and make recommendations regarding the TEA Transitional child care program; and, oversee and coordinate the operations of the local TEA Coalitions.

The TEA Program will be continually monitored and evaluated by an Independent Evaluator through contracted services with the ATEB. The professional consultant will provide reports on a biannual basis to the Governor and House and Senate Committee on Public Health, Welfare and Labor. The reports will include the following required items:

- Effectiveness of performance standards and measurement criteria;
- Cooperation of state agencies in implementation of TEA;
- Integration of funding sources into the TEA Program;
- Effectiveness of TEA coalitions meeting service needs at the local level;
- Program impact on recipients and their children;
- Training success of recipients with regard to job placements;
- Incentive and bonus program outcomes;
- Effectiveness of business incentives.

The Department of Human Services is responsible for promulgation, pursuant to Arkansas Code Annotated §25-15-202 through §25-15-205, of all rules and regulations required and necessary to carry out the mission of the TEA Program. Generally, topics include but are not limited to definitions, income and resource limits for program participation, individual and family eligibility criteria, work and education/training requirements, exemptions from program participation, recipient benefits, child support assignment, and personal responsibility agreement.

The State must meet work participation rates for all families beginning with 25% in FY97 and increased to 40% in FY2000, 45% in FY2001 and to 50% in FY2002. (These rates may increase in subsequent years when Congress reauthorizes the TANF block grant.) Two parent families must meet a work participation rate of 75% in FY97 and FY98 and 90% rate in 1999 and thereafter. (There is a strong likelihood that TANF reauthorization will eliminate the separate two-parent family rates and requirements.) A 5% penalty of the Block Grant is assessed if the State fails to meet the work participation rate. Work participation is currently a minimum of 30 hours per week and 35 hours if one of the adults is in a two-parent (2) family. (It is likely the minimum hours per week for all families will increase to 40 hours under TANF reauthorization.)

Child support enforcement is revised in the federal bill and therefore effects the way the State administers its' program. Applicants and recipients must assign support rights to the state and cooperate in good faith by providing the father's name. If an individual fails to cooperate in establishment of paternity, modification or enforcement of child support orders and does not qualify for an exemption, states must deduct 25% from a family's cash assistance grant or may deny the entire amount. The state must participate in the national case registry. Employers are required to report all newly hired employees who will be compared to the federal case registry for location of delinquent non-custodial parents to establish, modify or enforce child support orders. The Arkansas

Registry is established through ACA §11-10-901-902 and is located within the Arkansas Employment Security Department.

Arkansas' TANF Block Grant was based upon FFY94 expenditures of \$59,899,837. The Base TANF Grant was \$56,732,858. Supplemental Grants were available for 11 states from FFY98 through FFY2002 in annual adjustments of 2.5% of the FFY94 expenditure levels. According to the U. S. Department of Health and Human Services, Administration for Children and Families, there are two (2) sets of qualifying criteria for states to receive Supplemental Grants, Automatic or General Eligibility. Automatic includes "States with very low levels of per capita welfare spending or very high rates of population growth and are deemed automatically qualified for full supplemental grants in all four fiscal years." The Supplemental Grants will continue even though population levels or welfare spending changes during the designated grant years. General eligibility includes "States with below-average per capita welfare spending and above-average rates of population growth may also qualify for supplemental grants for all four years, but the amount received in any year will depend on whether a State remains qualified for that year." Arkansas was deemed automatically qualified due to the low level of per capita spending. The National Average is \$528.96 per person and the amount for Arkansas is \$140.47 based on the 1990 poverty census of 437,089 utilized in the computation formula. There was no application process for qualifying states and notification of grants was made in February preceding the beginning of the fiscal year. There were no additional requirements for states when Supplemental grant monies were made available

States must meet Maintenance of Effort (MOE) requirements to avoid penalties in the form of a reduction in block grant funds. Maintenance of Effort is the amount of non-federal expenditures. Maintenance of Effort to meet the requirements for receipt of the TANF Block Grant and Supplemental Grant is 80% of the historic State expenditure level in FFY94 (\$27,785,269) or 75% if the work participation rate is met. Arkansas' MOE Requirement is \$22,228,215. Indications are that the State MOE requirements will not change with the reauthorization of the TANF Block Grant.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has exceeded the one key measure of TEA Work Participation Rate with an annual target of 25%, reported by the agency at 30.28%.

Funding for this program is derived from the U. S. Department of Health and Human Services, Administration for Children and Families and is received upon reporting of quarterly expenditures to the federal agency, General Revenue (DGF - DHS Grants Fund Account), and Welfare Reform Contingency Funds.

The agency Base Level request for this program is \$70,535,946 each year of the biennium.

The agency Change Level request for this program is for \$5,673,286 each year of the biennium, with General Revenue funding reduction in the DHS Grants Fund Account of (\$6,562,500) each year of the biennium. The following delineates the agency request:

- The agency is requesting to continue federal appropriation of \$5,673,286 each year of the biennium that was established by a Miscellaneous Federal Grant in FY05.
- The (\$6,562,500) General Revenue reduction is requested to be transferred to other DCO programs as follows:

- a) \$4,627,241 in FY06 and \$3,919,469 in FY07 from the TEA Program (DHS Grants Fund) to the Administration program (County Operations Fund Account),
- b) \$1,885,259 in FY06 and \$2,593,031 in FY07 from the TEA Program (DHS Grants Fund) to the Economic and Medical Enrollment Program (County Operations Fund Account),
- c) \$50,000 each year of the biennium from the TEA Program (DHS Grants Fund) to the Community Services Program (DHS Grants Fund).

The Executive Recommendation provides for the Agency Request for appropriation. Additionally, the \$6,562,500 in General Revenue is recommended to remain in the (DGF) DHS Grants Fund Account but be moved to the Division of Medical Services to offset part of the Long Term Care Program request for new General Revenue.

Appropriation / Program Summary

Appropriation / Program: 0710P72 Transitional Employment Assistance (TEA)

Funding Sources: PWD-Grants Paying; TID-Individual Development Account Trust Fund

Program Description	Program Goals	
Title IV-A of the Social Security Act provides federal grants to states for Temporary Assistance to Needy Families (TANF).	1	To end the dependence of needy parents on government benefits by promoting job preparation, work and marriage.

Objective Code	Name	Description
15KG	Objective 1	To provide up to twenty-four months of cash assistance benefits while the client works to become self-sufficient.
16KG	Objective 2	To assist eligible parents to become employed, keep jobs that pay above minimum wage and to encourage the formation and maintenance of two parent families through marriage.
17KG	Objective 3	To provide TEA clients with opportunities and incentives for long-term asset building.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Authorized Benefits Accessible thru EBT System	99%/100%	99%	99%
1	X	X	Outcome	**** TEA Work Participation Rate	25%/30.28%	25%	28%
1			Outcome	TEA Allowable Work Activities*	52%/83.47%	52%	54%
1			Outcome	IDA Program Participation	97%/71%	97%	97%

Appropriation / Program Summary

Appropriation / Program: 0710P72 Transitional Empl Assist Prgm

Authorized Program Amount **70,535,946**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Professional Fees and Services	5060010	294,835	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Grants and Aid	5100004	28,478,405	75,709,232	70,035,946	75,709,232	75,709,232	70,035,946	75,709,232	75,709,232
Total		28,773,240	76,209,232	70,535,946	76,209,232	76,209,232	70,535,946	76,209,232	76,209,232

Funding Sources									
General Revenue	4000010	10,193,283	10,203,150	10,203,150	3,640,650	3,640,650	10,203,150	3,640,650	3,640,650
Federal Revenue	4000020	18,579,957	66,006,082	60,332,796	72,568,582	72,568,582	60,332,796	72,568,582	72,568,582
Total Funding		28,773,240	76,209,232	70,535,946	76,209,232	76,209,232	70,535,946	76,209,232	76,209,232
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		28,773,240	76,209,232	70,535,946	76,209,232	76,209,232	70,535,946	76,209,232	76,209,232

Additional Appropriation in FY2005 budget is due to Miscellaneous Federal Grant.

Objective Summary

Objective: 15KG Transitional Employment Assistance-Objective 1-Treasury

Description: To provide up to twenty-four months of cash assistance benefits while the client works to become self-sufficient.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	19,040,080	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000
Objective Total	19,040,080	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000	27,050,000

Objective Summary

Objective: 16KG Transitional Employment Assistance-Objective 2-Treasury

Description: To assist eligible parents to become employed, keep jobs that pay above minimum wage and to encourage the formation and maintenance of two parent families through marriage.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	9,438,325	48,659,232	42,985,946	48,659,232	48,659,232	42,985,946	48,659,232	48,659,232
Objective Total	9,438,325	48,659,232	42,985,946	48,659,232	48,659,232	42,985,946	48,659,232	48,659,232

Objective Summary

Objective: 17KG Transitional Employment Assistance-Objective 3-Treasury

Description: To provide TEA clients with opportunities and incentives for long-term asset building.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Professional Fees and Services 5060010	294,835	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Objective Total	294,835	500,000	500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation / Program: 0710P73 - Community Services Program

Funding Sources: PWE-Grants Paying; FWF-DHS-Federal; DGF-DHS Grants Fund;
SWA-Weatherization Assistance Fund; NHS-Cash in Treasury

The Community Services Program Performance Based Budget consists of the following:

- Community Service Block Grant appropriation
- Commodity Distribution and Salvage Container - Cash appropriation
- Shelter Plus Care Program appropriation
- Weatherization Program appropriation
- Emergency Food Program appropriation
- Low Income Energy Assistance Program appropriation
- Refugee Resettlement Program appropriation
- Homeless Assistance Grant appropriation
- Aid to Aged, Blind, Disabled appropriation
- Weatherization Assistance Utility appropriation

The Community Services Block Grant Program helps low income persons become more independent by providing a range of services through local Community Action Agencies. The services are designed to impact the causes of poverty and assist low income persons gain the skills necessary for employment, offer better educational and training activities to handle finances, improve housing, make use of social services available to them and become involved in community activities. Additionally, the program provides funds for involvement of low income persons in community development activities, essential services to homeless persons and development of innovative approaches, at both the local and state level, to meet the nutritional needs of low income persons. The funding sources include federal which is derived from the Community Services Block Grant, U. S. Department of Health and Human Services, Administration for Children and Families and General Revenue.

The Commodity Distribution and Salvage Container Program provides for foods donated by the U. S. Department of Agriculture (USDA) to be distributed for meal preparation to schools, institutions, and persons in need. This program also allows for the release of USDA food for feeding of large groups in times of natural disasters and emergencies. Also, the Emergency Food Assistance Program provides food for families in need as well as the homeless through the Soup Kitchen/Food Bank Program. Cash funding for this program comes from the United States Department of Agriculture, the Emergency Food Assistance Program and the organizations for which the Department processes donated foods.

The Shelter Plus Care Program initially began in FY95 through a grant from the U. S. Department of Housing and Urban Development, Office of Community Planning and Development. The program provides assistance to homeless persons whose primary disability is AIDS, or who is HIV positive with secondary disabilities of substance abuse or chronic mental illness. The Department of Human Services is the grantee for two (2) grants and the funded programs have two components that include Tenant-Based Rental Assistance and Sponsor-Based Rental Assistance. The Tenant-Based Program allows for applicants to request funds to provide rental assistance on behalf of program

participants who choose their own housing. Under the Sponsor-Based Program, an applicant may request funds through a contract with a non-profit organization for rental of housing owned by the non-profit organization. The program provides out-reach, support and coordination of housing and services and monitoring. This program is fully funded from federal sources.

The Weatherization Assistance Program provides funding for energy conservation in the homes of low income persons, particularly the elderly, people with disabilities and families with children. The National Energy Audit is used for determination of cost efficient measures, which include general heat waste measures, insulation, storm windows, heating unit tune ups and thermostats, as well as health and safety measures required, prior to beginning any weatherization activities. Criteria for selection include single family homes of frame construction. The funding sources for this program are the Department of Energy and the Department of Health and Human Services.

The Emergency Food Program provides food on an emergency basis for families in need and the homeless. This program is 100% federally funded through the U. S. Department of Agriculture, Food and Consumer Services.

The Low Income Heating Energy Assistance (LIHEAP) Program is funded by a federal grant from the U. S. Department of Health and Human Services, Administration for Children and Families. The program assists low income persons with home energy costs by administering the Winter Assistance Program and Crisis Intervention Program. Assistance is provided in the form of a one-time per year payment to the energy supplier of an eligible household, or in some cases, directly to the applicant. The Crisis Intervention Program provides assistance in energy related emergencies. This program is 100% federally funded.

The Refugee Resettlement Program provides temporary assistance to refugees and entrants to the state to help in becoming self-sufficient and self-reliant. This program was established by the 1980 Immigration and Nationality Act and authorizes cash assistance, medical assistance and social services to refugees and Cuban and Haitian entrants. Social services are provided by agency and contractual staff and include employment services, training in English as a second language, vocational training, social adjustment, health related services and interpreter services. Arkansas chose to discontinue the optional Social Services component of the program effective October 1, 2002. Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) will continue to be available through the county offices to any new arrivals entering the State in the future. The funding source for this program is 100% Federal from the U. S. Department of Health and Human Services, Administration for Children and Families and is available to states as well as non-profit organizations to help offset costs related to resettlement efforts.

The Homeless Assistance Grant is a federal program through the U. S. Department of Housing and Urban Development. This program is designed to assist local communities in helping to improve the quality of life for the homeless by providing grants for renovation, rehabilitation or conversion of buildings to be used as emergency shelters, paying for some operating and maintenance expenses, paying for essential social services that are connected with the shelters and for prevention efforts. This program is 100% federally funded.

In 1974, the Aid to Aged, Blind, Disabled (AABD) program was converted to the Supplemental

Security Income Program. The Aid to Aged, Blind and Disabled (AABD) Program provides cash assistance to individuals to supplement their SSI payments. This program is 100% General Revenue.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded three of the three key measures. The percentages for E&T Participation Rate has exceeded the annual target of +5%, reported at +35.4%. The LIHEAP Applications - Number of Days Pending annual target was met at -5%. The increase CSBG Program Participation has exceeded the annual target of +2%, reported at +6%.

The complete funding sources for this Performance Based Budget program are General Revenues (DGF - DHS Grants Fund Account), Federal, Cash and USDA Enhancement.

The agency Base Level request for this program is \$31,457,913 each year of the biennium.

The agency Change Level request for this program is \$3,600,000 in FY06 and \$4,100,000 in FY07, with a request to transfer General Revenue from the TEA Program to the Community Services Program in the amount of \$50,000 each year of the biennium. This General Revenue transfer maintains the funding within the DHS Grants Fund Account. This increase in appropriation is requested for client reimbursements in the Food Stamp Employment and Training Program. Also, for increases in the Low Income Energy Assistance Program, Homeless Assistance Grants Program, Shelter Plus Care Program, Community Services Block Grant Program and additional appropriation to allow for carry forward of federal funding into the second year of the biennium.

The Executive Recommendation provides for the Agency Request for appropriation with the exception of not approving the General Revenue transfer request.

Appropriation / Program Summary

Appropriation / Program: 0710P73 Community Services

Funding Sources: PWE-Grants Paying; FWF-DHS-Federal; DGF-DHS Grants Fund; SWA-Weatherization Assistance Fund; NHS-Cash in Treasury

Program Description	Program Goals	
To provide basic funding for the provision of services and activities designed to supplement feeding programs, address hunger in times or crisis, reduce the need for Food Stamp assistance, reduce poverty, revitalize low-income communities, and the empowerment of families and individuals to become fully self-sufficient. Services include: 1) Commodity Distribution; 2) Emergency Food; 3) Food Stamp Employment and Training; 4) Community Services Block Grant; 5) Shelter Plus Care; 6) Aid to the Aged, Blind and Disabled; 7) Weatherization; 8) Low-Income Energy Assistance; 9) Homeless Assistance and 10) Refugee Resettlement Program	1	To reduce food insecurity by providing eligible clients with access to food.
	2	To reduce the dependence of low-income individuals on the Food Stamp Program through gainful employment.
	3	To provide low-income persons with quality shelter.
	4	To maximize funding opportunities for Community Service programs designed to assist low-income individuals to become self-sufficient.

Objective Code	Name	Description
20KG	Objective 1	To utilize surplus USDA commodities to supplement low-income food programs in Arkansas.
21KG	Objective 2	To assist low-income families and individuals with emergency food products during times of hunger or crisis.
25KG	Objective 1	To assist Food Stamp recipients in finding employment and reducing the need for assistance
27KG	Objective 1	To increase the number of eligible Arkansans who receive energy efficient shelter assistance
30KG	Objective 1	To increase the number of eligible Arkansans who receive community based assistance.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Proportion of Donated Foods Utilized	99%/99%	99%	99%
1			Outcome	Number of Prior Year Audit Findings Repeated in Subsequent Audit Without Improvement	3/2	0	0
1	X	X	Outcome	E&T Participation Rate	+5%/35.40%	+5%	+5%

Appropriation / Program Summary

Appropriation / Program: 0710P73 Community Services

Funding Sources: PWE-Grants Paying; FWF-DHS-Federal; DGF-DHS Grants Fund; SWA-Weatherization Assistance Fund; NHS-Cash in Treasury

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Percent of Shelter Plus Care Participants receiving medical services	99%/100%	99%	99%
1			Outcome	Percentage of Available Beds in Homeless Shelters		+1%	+1%
1	X	X	Outcome	LIHEAP Applications – Reduce Number of Days Pending	-5%/-5%	-5%	-5%
1			Outcome	Percent of Weatherized Homes with Improved RK Factors	1%/-4%	+1%	+1%
1	X	X	Outcome	Increase CSBG Program Participation Within Available Funding		+2%	+2%
1			Outcome	Percentage of Filled Beds in Homeless Shelters	1%/2.40%	NA	NA
2			Outcome	Percent of Eligible Clients Participating in the Refugee Resettlement Program	95%/N/A	NA	NA
2			Outcome	Proportion of Emergency Foods Utilized	99%/99%	99%	99%

Appropriation / Program Summary

Appropriation / Program: 0710P73 Community Services Program

Authorized Program Amount **31,546,238**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,840	333,175	333,175	333,175	333,175	333,175	333,175	333,175
Grants and Aid	5100004	24,411,337	31,124,738	31,124,738	34,724,738	34,724,738	31,124,738	35,224,738	35,224,738
Total		24,414,177	31,457,913	31,457,913	35,057,913	35,057,913	31,457,913	35,557,913	35,557,913

Funding Sources									
General Revenue	4000010	55,939	157,439	157,439	207,439	157,439	157,439	207,439	157,439
Federal Revenue	4000020	24,350,230	30,946,294	30,946,294	34,496,294	34,496,294	30,946,294	34,996,294	34,996,294
Cash Fund	4000045	2,840	333,175	333,175	333,175	333,175	333,175	333,175	333,175
USDA Enhancement	4000720	5,168	21,005	21,005	21,005	21,005	21,005	21,005	21,005
Total Funding		24,414,177	31,457,913	31,457,913	35,057,913	35,007,913	31,457,913	35,557,913	35,507,913
Excess Appro/(Funding)		0	0	0	0	50,000	0	0	50,000
Grand Total		24,414,177	31,457,913	31,457,913	35,057,913	35,057,913	31,457,913	35,557,913	35,557,913

FY2005 Appropriation Carry Forward Amount is \$4,641,940.16

Objective Summary

Objective: 20KG Community Services-Goal 1-Objective 1-Treasury

Description: To utilize surplus USDA commodities to supplement low-income food programs in Arkansas.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	2,840	333,175	333,175	333,175	333,175	333,175	333,175	333,175
Objective Total	2,840	333,175	333,175	333,175	333,175	333,175	333,175	333,175

Objective Summary

Objective: 21KG Community Services-Goal 1-Objective 2-Treasury

Description: To assist low-income families and individuals with emergency food products during times of hunger or crisis.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	458,520	480,000	480,000	480,000	480,000	480,000	480,000	480,000
Objective Total	458,520	480,000	480,000	480,000	480,000	480,000	480,000	480,000

Objective Summary

Objective: 25KG Community Services-Goal 2-Objective 1-Treasury

Description: To assist Food Stamp recipients in finding employment and reducing the need for assistance.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	105,000	300,000	300,000	400,000	400,000	300,000	400,000	400,000
Objective Total	105,000	300,000	300,000	400,000	400,000	300,000	400,000	400,000

Objective Summary

Objective: 27KG Community Servicess-Goal 3-Objective 1-Treasury

Description: To increase the number of eligible Arkansans who receive energy efficient shelter assistance.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	14,998,007	20,279,134	20,279,134	23,279,134	23,279,134	20,279,134	23,279,134	23,279,134
Objective Total	14,998,007	20,279,134	20,279,134	23,279,134	23,279,134	20,279,134	23,279,134	23,279,134

Objective Summary

Objective: 30KG Community Services-Goal 4-Objective 1-Treasury

Description: To increase the number of eligible Arkansans who receive community based assistance.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	8,849,810	10,065,604	10,065,604	10,565,604	10,565,604	10,065,604	11,065,604	11,065,604
Objective Total	8,849,810	10,065,604	10,065,604	10,565,604	10,565,604	10,065,604	11,065,604	11,065,604